



# Galveston County Landlord Assistance Program: Single Family Rental Guidelines

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## 1.0 SINGLE FAMILY LANDLORD OVERVIEW

The purpose of these Guidelines is to offer a general description and summary of the key features of the Galveston County Landlord Assistance Program (GCLAP). The Program is governed in detail by the GCLAP Policy and Procedures Manual, and applicable federal, state, and county requirements. Where these guidelines appear to conflict with the Policy and Procedures Manual or other requirements, the Manual and applicable federal, state, and local regulations govern. These guidelines do not fully detail every Program requirement or provision nor are they meant to govern the decisions or determinations of the Program Manager or the GCLAP. The program shall be under the direct supervision of, Galveston County Director of Housing and Economic Development, or County designee.

The purpose of the Community Development Block Grant Disaster Recovery Program (the Program) is to provide housing assistance to those affected by Hurricane Ike, which occurred September 13, 2008. The focus of the Program is to provide safe, sanitary, and secure housing for low to moderate income renters, by restoring existing neighborhoods and increasing affordable rental stock into the community. Under the Landlord Assistance Program (GCLAP), financial assistance will be provided for the rehabilitation and reconstruction of one (1) to four (4) single family rental housing structures with total assistance not to exceed \$500,000 per applicant. More than 1 unit can be located on a single property if the property is equipped to accommodate multiple units, with a cap of \$125,000 per unit, and a cap of \$500,000 per applicant. Applicants receiving CDBG Disaster Recovery funds to rehabilitate or reconstruct damaged properties agree to lease the rental units to low-moderate income households (80% of Area Median Income or less) at restricted rents. Rents must, at a minimum, comply with the High HOME rent limits. The affordability period is five (5) years. The CDBG funds are provided in the form of a forgivable note. The deferred forgivable note is forgiven at the end of the affordability period.

CDBG Disaster Recovery grants primarily benefit low-income residents, which is a CDBG National Program Objective, in and around communities that have experienced a natural disaster. Generally grantees must use at least one half of disaster recovery funds for activities that principally benefit low to moderate income persons. For a single family dwelling the unit must be rented to people of low to moderate income. Landlords are not required to be of low to moderate income in order to qualify for assistance in the Landlord Assistance Program.

A team will be in place whose function is to work with the applicant throughout the application process. This team's duties will include, but not be limited to answering applicant questions via phone call, email, or other communication channels; accepting and reviewing applicant provided documentation; and assisting applicants as needed within the guidelines of the Program. The primary intake office will be located on Galveston Island.

## 1.1 SINGLE FAMILY LANDLORD APPLICATIONS AND PRIORITIES

- A. The GCLAP will develop a process to accept applications for funding to serve very low, low, and moderate-income households. Funding priorities will be developed in a manner that affirmatively furthers fair housing objectives and parameters associated with the Needs Assessment.
- B. Applications shall be accepted on a first-come first-served basis, with priority to applications received for the CDBG Disaster Recovery Program funding authorized by Public Law 109-148 until all funds are utilized. The program will move forward with single-family (1) unit structures once the plans are reviewed and approved.
- C. Each applicant has the opportunity to designate a third party to communicate with the Program on the applicant's behalf by completing a Designation of Communications Designee form. The Designee will be copied on correspondence and may inquire as to the status of the applicant's application, but may not sign documents on behalf of the applicant without a Power of Attorney.
- D. Criteria developed by the GCLAP will identify projects providing the greatest benefit to:
  - a. Expand the affordable housing stock with priority given to vacant units in a condition that is not suitable for occupancy.
  - b. To encourage a vested interest in the projects, priority is given to projects where the landlord contributes at least 25% of the funds necessary to repair the property.
  - c. The Program encourages housing for families, priority is given to projects with three bedrooms or more. Projects near public transportation, shopping and schools are considered in the point structure. Near is defined as within a 2 mile radius.
  - d. Single family rental structures must comply with Texas Government Code, Section 2306.514.

## 1.2 SINGLE FAMILY FUNDING LEVELS

- A. The unit type and number of bedrooms for the Reconstruction of a qualified home, including MHUs will be determined in accordance with the Occupancy Standards set forth in HUD Handbook 4350.3 §3-23(E)(6).
- B. Structure types will be either a 2 bedroom/1 bath, 3 bedroom/2 bath, or 4 bedroom/2 bath. The determination of units awarded will be to match if possible the existing bedroom quantity while staying within the overall limits of GCLAP.

- C. It is required that a Handicapped accessible shower or bathtub is installed for all 2 bedroom structures; it is the Owner(s) preference as to whether it is a shower or bathtub. This is also requirement for all 3 and 4 bedroom structures.
- D. The maximum award cap under the Single Family Rental Program is based on the number of bedrooms in each rental unit. The exact award will depend upon the amount of storm damage, the cost of rehabilitation or reconstruction up to maximum award amount. When a rental unit is assisted with disaster recovery funds, the entire unit must be brought up to Housing Quality Standards (HQS) or the current federal standards. Eligible costs include hard costs for construction and soft costs associated with repair or construction of rental units plus other costs permissible under 24 CFR 570. The maximum grant allowed per landlord/applicant is 4 units and/or \$500,000.

### 1.3 SINGLE FAMILY PROPERTY ELIGIBILITY REQUIREMENTS

- A. All properties must be located within the jurisdiction of the GCLAP (not to include the City of Galveston).
- B. The property is not required to have served as a rental property at the time of the storm. The property must be vacant during the time of the application. If any property owner is found to have improperly asked a tenant to leave or some other illegal displacement has occurred, the owner is not eligible to receive an award and may be subject to legal penalties. The Program will only approve at a maximum, four (4) rental property units per Owner and/or a grant amount not to exceed \$500,000. For the purpose of this program, a unit or property equates to each legal, individual residence.
- C. A covenant shall be placed on the property requiring that all future owners comply with the affordability requirements during the affordability period. The owner of the rental property must agree to maintain property affordable to renters who are at or below 80% AMFI for a minimum of five (5) years. An owner must also provide evidence that the unit is not currently occupied at the time of application.
- D. Any applicant who is unable to provide evidence of ownership or who is currently under Contract for Deed or Lease Purchase Agreement; is ineligible to receive assistance.
- E. For evidence of ownership of a MHU, the applicant must provide, either a title to the MHU (or registration of the MHU), a Statement of Ownership, or a Manufactured Housing Unit Ownership Affidavit and supporting documentation as required. The Landlord will also have to prove ownership of the land. If the landlord owns the property, the MHU will be replaced with a “stick built” unit.
- F. Properties may be rehabilitated, or replaced by reconstruction or new construction.

- G. Single Family, detached dwellings are eligible for assistance and must contain between two and four bedrooms.
- H. The smallest reconstruction project will be 2 bedroom / one bath units.
- I. Upon completion, the single family homes must meet Housing Quality Standards (or current standards), according to Section 2306.514 of the Texas Government Code, and benefit low-moderate income persons earning 80% or less of Area Median Income as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a).
- J. The rent for the unit occupied by the low-moderate income household must be occupied at affordable rents. The units occupied by low-moderate income households must comply, at a minimum, with the High HOME rent limits published by HUD under the HOME program through the affordability period. Compliance with rent limits is calculated in the same manner as HUD programs and is the landlord's responsibility.
- K. The Renter's household must be eligible under the applicable low to moderate income limits (less than 80% of the Area Median Income for the household size) as defined by the HUD Handbook 4350.3 Chapter 5. Income is defined as the projected Adjusted Gross Income (4350.3 Chapter 5-5) for the year beginning at the time of application. Income will be calculated for all members of the household 18 years of age or older at the time of the application for existing tenants and prior to executing an initial lease and as listed on the Household Size Affidavit.
- L. Units are not required to have been rental stock prior to application for assistance; however, the unit must be rented to certified LMI households if awarded repair or replacement funds.
- M. Housing units located where federal assistance is not permitted by the Coastal Barriers Resource Act or within runway clear zones of either a civil or military airport are not eligible.
- N. The on-going maintenance of hazard, wind and flood insurance is a program requirement.
- O. The cost to rehabilitate an eligible unit must exceed \$5,000 per unit as determined by the GCLAP Inspection. The maximum rehabilitation benefit is \$65,000 per an individual unit.

## 1.4 SINGLE FAMILY PARTICIPANT ELIGIBILITY REQUIREMENTS

- A. Individual owners without fee simple title may be able to participate in the Program.
- B. The owner must be in good standing with any loans on the property and/or not in default with any loans associated with the property or have negative collection actions on any current or previous loans.
- C. Property taxes must be paid, current, deferred, or subject to a payment plan with the Galveston County Tax Collector and its status documented and verified.

- D. The owner of the property may not be listed as “debarred” on the federal and state debarment lists, in accordance with 24 CFR §570.609, as well as other applicable laws.
- E. All owners are restricted to properties in which all of the units are currently vacant (as of the date of application). If any property owner is found to have improperly asked a tenant to leave or some other illegal displacement has occurred, the owner is not eligible to receive an award and may be subject to legal penalties.
- F. Property owners can use the Section 8 voucher program, or select their own tenants and must comply with the requirements of the Fair Housing Act (42 U.S.C. 3601-3620), which prohibits discrimination based on race, color, religion, sex, national origin, familial status, and disability. Property owners are required to sign a fair housing and affirmative housing statement as part of the application. Property owners must submit tenant income information to Galveston County after rehabilitation/reconstruction is complete and before tenant occupancy. Galveston County staff must approve the proposed tenant’s income eligibility prior to the signing of a lease or occupancy.
- G. The property owner will maintain and document flood insurance, if the property is located in a floodplain, as well as wind and/or hazard insurance as required by federal, state, and local regulations in perpetuity. If this requirement is not met by the landlord, there is a risk of not receiving federal funding in the future. If the landlord does not have hazard, wind, and flood (if applicable) insurance in place at the Date of Occupancy, the Program will provide coverage for the first year. The owner must maintain insurance on the property for the duration of the affordability period (5 years), which begins on the Date of Occupancy. The owner will be required to pay back the full amount of benefits received if not compliant with Galveston County’s insurance requirement. All potential tenants of the GCLAP-assisted unit must complete a tenant income certification form provided by Galveston County, provide documentation of income, and certify the accuracy of the information. It is the responsibility of the Property Owner to collect the required tenant income information and supporting documentation and submit it to the GCLAP staff. Property owners must receive GCLAP approval before a tenant signs a lease or occupies a GCLAP-assisted unit.
- H. The Program will accept a properly signed and notarized Power of Attorney for any applicant in the application process.
- I. Further, all applicants must present a current, non-expired and verifiable, United States Government Issued Photo Identification Card. The Applicant (Landlord) is required to use the GCLAP approved Tenant Rental Agreement Lease.
- J. The owner must provide a complete listing with addresses of other rental properties currently owned or managed.
- K. During the affordability period, the applicant should make every attempt to ensure the rental of the property. The applicant may be asked to show proof that every effort is being made to have the property occupied by a tenant that meets the Program’s criteria. It is at the discretion of the Program to determine that every effort is being made by the applicant to rent the property. Failure to comply could render the applicant noncompliant with the Program.



- L. All applicants must not owe any child support payment(s) under any court order.
- If an applicant is not current on child support payments, that member will be required to enter into a payment plan and must supply a copy of the payment plan signed by all applicable parties, along with documentation that they are current on their payment plan. The required forms and instructions can be found under Homeowner Assistance Forms at:  
<http://www.glo.texas.gov/GLO/disaster-recovery/forms/housing-forms-publications.html>

## 1.5 SINGLE FAMILY PROGRAM REQUIREMENTS

Housing assistance funds must satisfy four levels of eligibility requirements.

- A. The property must pass a federally required environmental review. The applicant or program cannot make any project limiting decisions until the environmental is approved.
- B. Rehabilitation or construction activities. An estimated cost to repair (ECR) inspection must be conducted by a third party. The work write up must be completed in sufficient detail to obtain bids or cost estimates. Rehabilitation of the residence must bring the property into compliance with local health, safety and building codes and pass a Housing Quality Standards inspection. The project costs must be reasonable and standard in the current marketplace for projects of similar scope. Plans and specifications must be submitted for replacement units.
- C. The project must comply with all applicable federal and state requirements.

## 2.0 BENEFIT DETERMINATION

The maximum benefit for Minor Repair, Rehabilitation and Reconstruction of a qualified home is based on the amount of the damage assessment:

- Rehabilitation: \$5,000 up to \$65,000
  - Reconstruction: \$65,001 up to \$125,000
- Please see chart below for further assistance*

	Homeowner Assistance	
	Reconstruction/ New Construction	Rehabilitation
Base Unit	Bid	\$65,000
Non-Coastal Elevation	\$35,000	\$35,000
Coastal Elevation	\$60,000	\$60,000
Water Well	\$30,000	\$30,000
Septic Tank	\$25,000	\$25,000
Accessibility	\$20,000	\$20,000
Abatement	\$20,000	\$20,000

- A. Eligible structure types may vary from benefit level to benefit level. In some instances, where the cost exceeds the applicable benefit level, the applicant may be required to provide gap financing prior to signing event.
- B. Under certain circumstances due to site conditions or codes, the Galveston County Housing Director may request a variance to these guidelines regarding an allowable benefit.
- C. Once the ECR (Estimated Cost to Repair) is determined the Benefit Determination Team will determine the program benefit for which the applicant is eligible.

The estimated cost to repair will dictate whether the assistance needed will constitute a Rehabilitation or Reconstruction based on the following ECR levels:

- Between \$5,000 and \$50,000 – Rehabilitation (Not-to-Exceed \$65,000 in total program cost). If unforeseen costs arise during the course of a rehabilitation project causing the overall project costs to exceed \$65,000, the Program reserves the right to continue that particular project as a rehabilitation. This determination will be made by GCLAP on a case by case basis.
- If the Estimated Cost to rehabilitate a single family rental home is 200% or more of the 2008 Galveston County appraised value of each single family rental home valued less than or equal to \$35,000, the project will automatically be changed to a Reconstruction project, even if the home has been deemed “repairable”. The requisite Environmental

Review approval for a Reconstruction will still be required. For each housing unit, a repair estimate for more than \$50,000 – will be changed to a Reconstruction. There will be no elevation allowed on any home considered for Rehabilitation.

- Any home's initial inspection that resulted in Form 11.01a being applicable will automatically be changed to a Reconstruction project.
- D. The final decision on whether a home is Rehabilitated or Reconstructed must be approved via the program policies and guidelines. The State must also approve the setup and verify the documentation before any action is taken by the County. The applicant will be made aware of and counseled on this requirement. The applicant will also be required to initial the statement "PENDING STATE APPROVAL" on the Benefit Selection and/or signing event documents.

## 2.1 GRANT DETERMINATION

As a component of the Grant Determination, the Program shall determine if any duplication of benefits (DOBs) exists as defined by the Stafford Act. Duplication exists if funds were received from any of the following sources and not used for a recognized "Allowable Activity."

- i. Private insurance payments related to the structure as opposed to contents
- ii. Payments from FEMA
- iii. Loan amounts received from SBA
- iv. Funds received for mitigation activities such as Increased Cost of Compliance
- v. Any other source resulting in a monetary payout to address disaster damage.

Recognized allowable activities that can be used to offset what would otherwise be a duplication of benefits may include the following:

- Structure repairs (i.e. roof, foundation, electrical, plumbing, and windows)
- Tree/shrub removal if the tree/shrub blocked access to the home
- Labor, material, and equipment rental to repair the damaged residence (includes carpeting, cabinetry, appliances, flooring, fixtures, doors, walls, and ceilings)
- Demolition costs related to the damaged home
- Repair or replacement of wells, sewer system including septic tanks, electricity, air conditioning and heating systems, plumbing, and water heaters
- Grading or leveling of property

Other costs or expenses associated with repairing, stabilizing, or reconstructing the property: Tools, Tarps, Building Supplies, Siding, and Paint.

## 2.2 GAP FUNDING

If the cost to rehabilitate, or reconstruct the home exceeds that covered by the benefit of the Program, then the homeowner must provide evidence that they have available funds or can obtain funding from an outside source to cover the funding gap. This must be proven by providing a bank check made out

to the builder before any construction occurs and prior to the signing event. Cases in which duplication of benefits are involved resulting in a funding gap in excess of \$10,000 will not be allowed to participate in the Program without GCLAP approval.

## 2.3 FLOOD ZONE

Assistance provided in a special flood hazard area (defined as zone “A,” “V,” and “E” series (24 CFR 64.3) as shown on a current Flood Insurance Rate Map (FIRM), as amended by Letters of Map Amendment (LOMA) or Letters of Map Revision (LOMR) will be in the form of a grant, but the homeowner will be required to carry flood insurance until the end of the affordability period.

## 2.4 SUBROGATION OF INSURANCE

To receive assistance under this funding activity, the owner must subrogate claims for unpaid and outstanding insurance claims designated as structure related claims to the Program.

## 2.5 SINGLE FAMILY FEASIBILITY ANALYSIS

For each unit assessed under the Program, a preliminary budget will be prepared to indicate the potential cost of demolition, elevation, rehabilitation or reconstruction. If the Feasibility Analysis indicates a budget in excess of \$65,000 for rehabilitation and the applicant does not desire to have that property reconstructed, the GCLAP will notify the applicant that the project is not feasible and offer an explanation.

## 2.6 SINGLE FAMILY ENVIRONMENTAL REVIEW

The program will conduct a Broad Environmental Review at the programmatic level. This will include coordination with federal, state, and local agencies where applicable. Additionally, all applications must pass a federally-required site specific environmental review which contains a statutory checklist of required review items. Site specific reviews will include the review of HUD defined environmental review topics, each of which may result in a site visit to the applicant property for further investigation. The environmental review is a separate and distinct review from any other review. Other previously performed (or applicant-provided) environmental reviews will not satisfy the Program’s requirements. There are four potential steps to the review:

**Step 1 – Initial Review:** An environmental assessor will review the applicable property data including date of construction, tax card information, site photographs, and relevant environmental data from coordinating agencies, and GIS Information. If the applicant’s home meets the prescribed criteria and no environmental issues are identified, the environmental review will be concluded. However, if a potential environmental issue is identified further investigation will be performed.

**Step 2 – Issue Analysis:** If the Initial Review reveals a potential environmental issue, further analysis will be required. This analysis may require follow-up site visits or additional research. The Program

will schedule required follow-up visits in order to perform the necessary analysis. Applicants will be notified if they are required to be present for these follow-up visits.

**Step 3 — Issue Mitigation:** Any issue that cannot be cleared through Issue Analysis will need to be mitigated either before or during Program construction. The Program may pay for mitigation of issues identified during the environmental review if it is deemed an eligible activity.

**Step 4 — Mitigation Monitoring and Clearance:** Depending on the mitigation required for an individual home, several tasks are possible, including approval of mitigation plan, monitoring of mitigation tasks, mitigation progress inspections, and mitigation clearance.

### 3.0 SINGLE FAMILY ESCROWED & SUPPLEMENTAL FUNDS

Applicants may provide funding to cover gaps in the cost of construction if there is a gap in funding caused by a duplication of benefits that cannot be mitigated. Additional funds provided by applicants will be escrowed to be used during the construction of the home. Applicants may not escrow funds for construction activities such as upgrades, additions or other unnecessary activities. Applicant provided funds that are put into escrow for DOB will count toward the CDBG-DR cap limits listed above.

### 3.1 DEVELOPMENT OF PLANS AND SPECIFICATIONS FOR RECONSTRUCTION PROJECTS

For projects that qualify for reconstruction, the GCLAP will develop a standardized set of professionally designed plans and specifications that meet, or exceed, all Housing Quality Standards (HQS), Minimum Property Standards (MPS), the enforceable International Residential Code (IRC) with windstorm provisions as needed, International Energy Conservation Code (IECC), Construction Requirements for Single Family Affordable Housing accessibility requirements, and all other federal, state and local construction and health and safety code requirements as required by the GLO upon project completion. Each home will be constructed in accordance with Section 2306.514, Texas Government Code.

This collection of plans and specifications will include plan options for 2, 3 and 4 bedroom, single family homes. Based on the applicant's eligibility determination, the program will select the floor plan that is best suited for the existing site conditions at the applicant's property and adheres to statutory requirements. A mandatory pre-bid meeting is conducted to review scope of work, make style selections and answer questions. At this meeting Applicants may be afforded the opportunity to make style selection choices between options presented by the program for the front elevation exterior of the home. A record of the Style Selection will be documented using the Style Selection Sheet and included in the applicant's file. A color pallet will be provided for the applicant to choose exterior and trim paint colors for the new home. Interiors and fixture colors will be coordinated with the builder as per the plans and specifications.

### 3.2 DEVELOPMENT OF PLANS AND SPECIFICATIONS FOR REHABILITATION PROJECTS

For projects that qualify for Rehabilitation, the GCLAP will develop site specific sets of plans and specifications that will be used to describe the scope of work to repair and establish the quantities and quality of materials to be used. A detailed scope write-up will be provided.

### 3.3 CONSTRUCTION MANAGEMENT AND OVERSIGHT

The GCLAP will prepare a Construction Estimate for damaged properties, including the initial inspection, contractor selection, and eligible construction activities. GCLAP will also provide construction management for the rehabilitation of damaged properties, including contracting with rehabilitation contractors, construction management, initial inspections, process inspections, and final inspections.

### 3.4 CONTRACTOR BID AND SELECTION

A pool of rehabilitation contractors will be developed utilizing a Request for Information process in conjunction with the GLO pool of contractors. For each house requiring rehabilitation a rehabilitation contractor will be assigned by the GCLAP from the pool to submit a bid based on a Construction Work Order Packet. Bids will be evaluated by the GCLAP as to acceptability and cost within the cap.

A pool of reconstruction contractors will be developed utilizing a Request for Information process in conjunction with the GLO pool of contractors process developed by the GCLAP. Contractors will submit unit prices to demolish an existing home, build a new home, provide all related appurtenances to complete the new construction, and obtain a Certificate of Occupancy or equivalent by meeting all applicable codes.

### 3.5 ELIGIBLE CONSTRUCTION ACTIVITIES

Eligible Construction activities are detailed in the GCHAP Program policy and Procedures Manual. These include, but are not limited to the following items as shown in ranked order of priority:

- Mandatory work items
- Modification to increase accessibility
- Items to address threats to health and safety
- Storm weatherization and mitigation for future storm events
- Code deficiencies other than threats to health and safety or that are incipient code violations, such as major systems in danger of failure
- Items related to conservation of water or energy
- General non-luxury property improvements necessary to put the property in a generally good and readily maintainable condition

### 3.6 INELIGIBLE CONSTRUCTION ACTIVITIES

- Additions to an existing structure unless necessary to meet housing and building codes or occupancy standards

- Purchase of tools or equipment
- Purchase of washer, dryers, or removable air conditioning/heating units not attached to the dwelling structure

### 3.7 QUALIFIED CONTRACTOR POOL

GCLAP will select contractors from the GLO pool of pre-selected contractors and conduct an additional Request for Information (RFI). Contractors will be scored based on the RFI information, a select number will be chosen based on the RFI score. The balance of the contractors will be scored, and held in reserve.

## 4.0 THE SIGNING EVENT PROCESS

The Signing Event Agent is responsible for the coordination, scheduling, and involvement of all the parties in the signing event transaction, including Galveston County, the contractor and homeowners and to ensure that all required documentation is properly prepared. At the signing event table, the signing event agent guides all parties through proper and full execution of all documentation and receipt of necessary Gap Funds. Following the signing event the signing event agent ensures the proper recordation of documents, receipt of any GAP funds, and the imaging and distribution of the original documents.

### 4.1 MARKETING PLAN

The availability of the Program funds shall be publicized in accordance with Fair Housing Standards and the information made available via a comprehensive marketing program including press releases, public service announcements, and informational pamphlets.

Affirmative Marketing Plan – In addition to marketing through widely available media outlets, GCHAP will take additional measures to affirmatively market the CDBG Disaster Recovery Fund program services, as follows:

- GCLAP will contact and market to local organizations that provide unique access for persons who are considered members of a protected class under the Fair Housing Act
- GCLAP will advertise with the following media outlets which provide unique access for persons who are considered members of a protected class under the Fair Housing Act including: *Ethnic newspapers and/or ethnic radio stations.*

- Documentation of all marketing measures used, including copies of all advertisements and announcements, will be retained by GCLAP and made available to the public upon request.
- Whenever possible, GCLAP will use the Fair Housing logo in advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights and obligations under Fair Housing regulations.

## 4.2 FILES AND RECORDS

GCLAP shall maintain accurate files and records on each applicant. All pertinent documentation must be maintained for five years after GLO notifies GCLAP that HUD has closed out the Program. Such files shall be open for public inspection in accordance with the Texas Public Information Act, and be available at GCLAP's offices.

Project Close-Out: GCLAP shall ensure that upon completion of each project, the following closeout forms are submitted to GCLAP/GLO.

## 4.3 APPEALS AND GRIEVANCE PROCESS

Please see General Guidelines for appeals and grievance review process.

## 4.4 GCHAP EMPLOYEES NOT TO BE HELD LIABLE

No member, officer, agent, or employee of GCLAP shall be personally liable concerning any matters arising out of or in relation to, the commitment of CDBG Disaster Recovery Fund Program funds with regard to feasibility or viability of the proposed project.

## 4.5 CHANGES, WAIVERS AND/OR CONFLICTS

- A. The Galveston County Director of Housing shall have the right to change, modify, waive or revoke all or any part of these guidelines in writing and with GLO approval.
- B. No member of the governing body of GCLAP and no other official, employee, or agent of GCLAP who exercises policy or decision-making functions or responsibilities in connection with the planning and implementation of this Program shall be eligible for rehabilitation/reconstruction assistance, in accordance with 24 CFR Section 570.489(h),



Conflict of Interest. In the event that a County employee is otherwise qualified under the Housing Guidelines to participate in the Program, the person responsible for the Program will make a determination if a conflict exists and forward their recommendation to the GLO for review and approval. If the GLO has concerns, the matter will be referred to HUD with a statement of the conflict for determination.

## 4.6 SINGLE FAMILY CONTRACT EXECUTION DOCUMENTS

The following documents will be signed by the applicant at the time of contract execution. The documents listed below are further explained in the Contract Execution Procedures. As required documentation may change, this list will be updated periodically.

- 1) Unsecured Forgivable Promissory Note (Unsecured Note)
- 2) Land Use Restriction Agreement
- 3) Due on Sale and Transfer of Property Disclosure
- 4) Limited Subrogation Agreement
- 5) Applicant Contractor Agreement
- 6) Escrow Agreement (if applicable)
- 7) Any other documents required by the GLO

## 4.7 SINGLE FAMILY UNSECURED DEFERRED FORGIVABLE NOTE

Disaster assistance is provided as an unsecured note to the applicants receiving rehabilitation or reconstruction assistance. The on-going maintenance of hazard, wind, and flood (when applicable) insurance is a program requirement.

- A. The unsecured forgivable note will indicate that flood insurance is only required when properties are located in flood zones. Failure to maintain flood insurance coverage could result in the repayment of all funds received.
- B. The unsecured forgivable note will indicate that the applicant is required to maintain wind insurance. Failure to maintain wind insurance could result in the repayment of all funds received.
- C. The unsecured deferred forgivable note will also indicate that the applicant is required to maintain hazard insurance. Failure to maintain hazard insurance could result in the repayment of all funds received.

- D. The unsecured forgivable note will also require that the applicant meet the requirements of the Single Family LURA.
- E. If a property is sold during the affordability period, the participant in the Program will be required to pay back benefits received on a pro-rated basis.
- F. Failure to follow the Note or the LURA could result in repayment.

## 4.8 SINGLE FAMILY NOTICE TO PROCEED

Notice to Proceed is given after GLO approves the contract set-up, issues an activity number, the applicant belongings are removed from the home (if necessary), the contractor obtains necessary permits, and utilities are terminated (if applicable).

## 4.9 SINGLE FAMILY CONTRACTOR REQUIREMENTS

- 1) All contractors shall carry and provide proof of a current general liability policy in at least the aggregate amount of all contracts awarded in this program within ten (10) business days of award. Failure to do so may result in termination of award.
- 2) In addition to the insurance listed above, the contractor must also carry the following insurance types:
  - Automobile Liability
  - Excess Umbrella
  - Worker's Comp
  - Employer's Liability
  - Professional Liability
  - Builder's Risk
- 3) All contractors must secure and provide proof of performance and payment bonds within ten (10) business days of award. Failure to do so may result in termination of award.
- 4) Contractors will be responsible for documenting (with photographs) any pre-existing and pre-storm damage to the property that has not been included in the scope of work.
- 5) Contractor will be responsible for determining utility needs, providing sanitary facilities and safely operating equipment on site.
- 6) The Program will be responsible for procuring insurance as the Program requires for the applicant's first year and will be included as part of the project cost.

- 7) Upon receiving Notice to Proceed from GCLAP, Contractors shall begin work within fifteen (15) days. Any contractors who disturb the site prior to receiving a Notice to Proceed will automatically lose their contract and funding with no recourse.
- 8) All work performed by the contractor will be guaranteed for a period of one (1) year. Such warranty will be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year from the time of final inspection, the assisted homeowner may require the contractor to correct defects or problems arising from his or her work under this contract. Should the contractor fail to do so, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time will be given to correct the problem.

## 5.0 GENERAL OVERVIEW

Rehabilitation is defined as non-emergency repair or renovation of a limited specified area or portion of a housing structure. Rehabilitation shall also be defined as bringing rehabilitated portions of properties into compliance with local building codes, and the entire structure into compliance with HUD Minimum Property Standards (MPS) (or applicable Building Code being enforced) and Housing Quality Standards (HQS) including compliance with Section 31 of the Federal Fire Prevention Control Act of 1974 and local building codes and standards.

- Rehabilitation shall be limited to “stick built” structures that have been deemed feasible for rehabilitation. MHU’s will be eligible for reconstruction only. Rehabilitation will not be considered for MHU’s.

Reconstruction shall be defined as the demolition, removal, and disposal of an existing housing unit and the replacement of that unit on the same lot with a unit that complies with the universal design features in new construction established by § 2306.514, Texas Government Code, energy standards as verified by a RESCHECK certification, and the International Residential Codes (IRC), as required by Subchapter G, Chapter 214, Local Government Code. Reconstruction of a housing unit shall be of a similar type structure unless the structure being replaced was a manufactured housing unit (MHU).

Elevation shall be defined as the piers, or other engineered design meeting state and federal requirements, to rebuild a housing unit to meet the FEMA flood zone requirements. Locations that have been deemed ineligible for use of federal funds on that site will be eligible for new construction on another site provided that the new site holds no program restrictions. Elevation will only be relative for projects involving reconstruction. Elevation will not be relative to projects involving rehabilitation.

## 5.1 SINGLE FAMILY REHABILITATION PROGRESS INSPECTIONS

GCLAP will perform site visits for each Rehabilitation project at the request of the contractor at pre-determined stages during critical construction activities as described in the Contract Execution Documents. These visits will occur after all required municipal code enforcement, and/or third party inspections have taken place. The builder will submit a written request electronically via email for a site visit to occur no earlier than 48 hours from the time of request.

## 5.2 SINGLE FAMILY RECONSTRUCTION PROGRESS INSPECTIONS

GCLAP will perform site visits for each Reconstruction project at the request of the contractor periodically during critical activities. Site visits will occur prior to the placement of the foundation, at the 33% construction stage and at the 66% construction phase. These visits will occur after all required municipal code enforcement, and/or third party inspections have taken place.

## 5.3 SINGLE FAMILY FINAL INSPECTION AND WARRANTY INFORMATION

Once construction has been completed, the contractor will request a final site visit to guarantee that all work outlined in the contract has been satisfactorily completed according to the appropriate state and local codes and standards and the home meets the minimum housing standards. The final site visit confirms that all work has been completed and been accepted by building code enforcement and-or Third Party Inspectors including all items on a punch list. A final inspection form will be completed and signed by the applicant, city and housing inspector and placed into the project file. If Applicant refuses to sign the form, a Program Inspector will visit the location to determine if the work was done according to the plans and specifications and meets the program construction standards. If at that time the Applicant will still not sign the final inspection form, the Program may deem construction complete and sign on behalf of the Applicant.

Contractors must provide all warranties prior to the inspector signing a final inspection form. Photographs will be taken for documentation purposes. At this time, the applicant will be provided instruction booklets and warranty information.

## 5.4 SINGLE FAMILY RE-INSPECTIONS

Should the GCLAP personnel observe any fault(s) during inspections; the Contractor will be informed of the fault(s) and be provided a written report of the findings. When the contractor has remedied the fault(s), he may request a re-inspection to be performed at a time no earlier than 48 hours from the request. A re-inspection fee of \$300.00 made payable to the approved inspection entity must be received prior to the dispatch of any personnel to visit a project site.

## 5.5 SINGLE FAMILY CHANGE ORDERS

Where additional work is necessary to make repairs or to correct unforeseen dangerous conditions, the contractor shall submit to GCLAP a Change Order consisting of what type of work is needed, the cost of such work, and the time necessary for such work to be completed. Unless it is determined there exists an immediate health and safety danger, NO WORK SHALL BE AUTHORIZED until agreed upon in writing by the applicant, contractor, and GCLAP. Change Orders above ten percent (10%) of the original contract amount will be reviewed for cost reasonableness by GCLAP Management and GLO. Every Change Order will be reviewed by Galveston County for reasonableness. In no instance are

Change Orders to exceed 25% of the total individual project costs.

Contractor must complete GLO Form 11.09 – “Change Order Request” and attach proper documentation to justify the request. Failure to complete the form or supply the required attachments shall result in the rejection of the Change Order Request and possible non-payment for work.

## 5.6 SINGLE FAMILY APPLICANT RESPONSIBILITIES

The GCLAP will not be responsible for lost or damaged belongings of the Applicant that have occurred during construction. The Applicant must secure or relocate all personal property until construction is complete.

- 1) Upon the signing of the contract, the applicant will have fourteen (14) calendar days to move personal property out of the property and store any valuable personal property that could be damaged during the course of construction.
- 2) The applicant must arrange access to the property for building contractors providing construction services. If reasonable and timely access is denied to a building contractor who is attempting to make a good faith effort to perform required repairs, the applicant will be removed from program participation, and the applicant could be responsible for costs incurred up to that point.
- 3) The applicant is responsible for the security of his property and personal belongings. Movement, storage and security of personal property are the applicant’s responsibility.
- 4) During construction the applicant must not interfere in repair areas, and must make a reasonable effort to stay away from the construction zone.
- 5) All debris, abandoned vehicles, and buildings that pose a safety and/or health threat as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property prior to the start of construction. Applicants must remove dilapidated personal property.
- 6) The applicant must provide for use or disconnect all existing utilities as needed by the building contractor during construction.

In exchange for the award, each applicant agrees to comply with all Single Family LURA terms and requirements as a rental landlord.

## 6.0 SINGLE FAMILY LAND USE RESTRICTION

- A. A Land Use Restriction Agreement (LURA) will be placed on each SF property receiving

disaster funds to repair, construct or reconstruct rental units. The LURA must be approved by GLO. The LURA must contain a five (5) year affordability period beginning after home completion. It will also include acceptance of Section 8 housing choice rental vouchers.

- B. Applicants will be required to sign a Land Use Restriction Agreement (LURA), which sets forth income and rent restrictions applicable to units of affordable rental housing and constituting, with respect to the specific affordable rental housing. These documents will be filed with the local county clerk's office in the land records. The LURA imposes the requirements on the property for the full forgivable note period of five (5) years.
- C. The LURA is an officially-filed restriction in the county property records that runs with the land to ensure the property will remain rent restricted for the full forgivable note period. The LURA transfers with the property in the event of sale. At the end of the forgivable note period, the restriction will automatically terminate and will no longer be valid or enforceable. Since the LURA is "self-executing", nothing will need to be filed at the local county clerk's office to show that the forgivable note period has ended. If the applicant abides by the terms and conditions of the LURA for the full five (5) year compliance period, the forgivable note will be forgiven and no interest will be charged. The GCLAP will be required to monitor for the life of the LURA and issue reports.
- D. The Land Use Restriction Agreement will expire on the fifth (5th) anniversary of the issuance of the Certificate of Occupancy

## 6.1 SINGLE FAMILY FORGIVABLE NOTE DEFAULT

- A. Disaster assistance is provided as an unsecured note to landlords receiving rehabilitation or reconstruction assistance.
- B. Violation of any terms of the LURA will result in a Statement of Noncompliance being issued to the applicant. The notice will state clearly the reasons for noncompliance and will allow the applicant time to correct the non-compliance
- C. If the applicant is in default, the amount of forgivable note principal then outstanding shall immediately become due and payable.
- D. Upon default the forgivable note will immediately convert to an interest-bearing demand note and becomes immediately due and payable.
- E. The due and payable amount will be based upon the amount of the forgivable note.
- F. Interest on defaulted forgivable note awards will be set at the London Interbank Offered Rate (LIBOR) plus one percent (1%). Interest will be calculated beginning on the date that the first payment was issued by the State.

## 6.2 SINGLE FAMILY RELOCATION

Applicants who have an additional property within Galveston County may be able to build a rental unit on the additional property as opposed to the original property at the discretion of the Galveston County Housing Director, or a designee.

## 6.3 SINGLE FAMILY LANDLORD REQUIREMENTS AND RECORDS

Landlord requirements include:

- A. Leasing all units to tenants that have eligible household incomes (80% AMI or below).
- B. Charging rents that are at or below, at a minimum, High HOME rents.
- C. Following income certification and verification procedures and keeping records on all tenants' income.
- D. Maintaining complete and accurate rent rolls.
- E. Renting units in accordance with HUD Fair Housing Standards.
  - The applicant is responsible for maintaining complete and accurate records for the full period of the forgivable note term. These records must fully and completely support the satisfactory completion of all compliance items. These records must be provided to the GCLAP, GLO, SAO, HUD, or HUD OIG upon request.
  - Compliance with these terms for the full period of the forgivable note will result in the note being forgiven in full, leaving the applicant with no obligation to repay the forgivable note or interest on it. Failure to comply with terms will lead to non-compliance.

## 6.4 SINGLE FAMILY FILES AND REPORTS

The GCLAP will maintain accurate Rental Program files and records for general administration activities, for each development and tenant for a period of five (5) years as required by the GLO. GCLAP will also meet any reporting requirements as noted in the Conciliation Agreement. Such files will be open for inspection to GLO or any of its duly authorized representatives, or funding source representatives.

## 6.5 SINGLE FAMILY CHANGES, WAIVERS, APPEALS AND/OR CONFLICTS

The GCLAP has the right to change, modify, waive, or revoke all or any part of these guidelines, with the prior written approval of GLO.